



1 Crypto-Related Growth Stock That Made Contrarian Investors Rich

Description

A few days back I listened to the song “If I were a rich man” from the movie *Fiddler On the Roof*. This is what crypto investors felt like when their stocks skyrocketed in the crypto bubble that made a few people rich. But many investors who kept HODLing – buying and holding cryptocurrency long term – were left with nothing but the song.

The overall market sentiment significantly influences individual investor decisions, so you go with the flow. But those who became rich from the crypto boom went against the flow and sold when others bought.

The crypto bubble burst

During the peak of the crypto bubble (May 2021), [news](#) like a senior manager at **Goldman Sachs** in London quitting his job after making millions from **Dogecoin** got investors excited. But those who chose to HODL in the boom were left singing “If I were a rich...”. Every market runup is a lesson. The manager sold his crypto after Dogecoin fell over 30% in a week. He knew that the bubble was near its peak and exited his position before it burst.

A bubble occurs when the price keeps inflating of an asset beyond its underlying value. The harsh truth is investing is boring. You can never make money by investing in something that is popular. You have to invest in something that is raw but has the potential to become big and popular. And when something is popular, it is time to sell. HODL when others are selling and sell when others are buying.

As fears of recession loom, many crypto-related companies have gone bankrupt. Canadian crypto broker and lender **Voyager Digital** [filed](#) for Chapter 11 bankruptcy in New York. This has made investors fearful of anything even remotely close to crypto. But there is one crypto-related stock to buy on the dip for its good risk-reward ratio.

Should you buy Hive stock?

If you are willing to risk losing some money for a reward of doubling or tripling your money in an economic boom, **Hive Blockchain Technologies** ([TSXV:HIVE](#))(NASDAQ:HVBT) is the stock for you. The stock price of this blockchain company is influenced by the price of **Bitcoin** ([CRYPTO:BTC](#)) and **Ethereum** ([CRYPTO:ETH](#)). Hive has an inventory of these [cryptocurrencies](#).

The price of crypto is cyclical. So far, there have been two crypto booms in seven years, and those who bought Hive stock in a downturn made wealth in the cyclical boom. Yet crypto prices are very [volatile](#), and if you want to ride this bull, you have to be vigilant and know when to exit.

Hive stock is moving in tandem with the stock market but at a more aggressive pace. Between July 26 and August 15, the TSX Composite Index rose 6.4%, whereas Hive stock surged 113%. The stock has dropped 26% since then, but I suggest waiting for the stock to fall below \$5 before buying. If HIVE recovers with the economy, it could grow your money severalfold. Set a target of \$15-\$17 and sell the stock when it reaches this price irrespective of the market.

The underlying asset of Hive

What makes me confident about Hive is it is not solely dependent on crypto price. It has an asset base of graphic card data centers and is looking for alternatives to use this processing power for other applications besides mining like rendering and artificial intelligence. This will help fund its operations in a crypto downturn and reduce the risk of bankruptcy.

However, its valuation is affected by crypto prices as it mines BTC and ETH and Hodls their inventory. As crypto prices fell, Hive reported a net loss of \$95.3 million in the second quarter. But most of this loss was due to \$118.7 million in non-cash charges such as impairments, depreciation, and unrealized valuation losses on digital currencies and investments. Its adjusted EBITDA – a measure of operating performance on a cash basis – before these non-cash charges was \$11.2 million, down 230% from the year-ago period, mostly reflecting the revaluation of digital currencies, but both the company's gross mining margin and cryptocurrency prices are now rising.

Hive has alternatives to survive a crypto downturn and surge in a crypto boom. If the entire crypto industry collapses, Hive would probably be one of the last companies to collapse. True, Hive faces cryptocurrency risk as it cannot control BTC and ETH prices, but the company can diversify and thrive. Management is currently exploring options to earn revenue from blockchain technology.

CATEGORY

1. Cryptocurrency
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. CRYPTO:BTC (Bitcoin)
2. CRYPTO:ETH+ (ETHPlus)
3. NASDAQ:HIVE (Hive Digital Technologies)
4. TSXV:HIVE (Hive Blockchain Technologies)

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